



# BTA Supply Chain Update for L&MR

**Kim Pisall**

Director, TP&R - SCM

Business Transformation Agency

# Background and Problem

- Prompt Pay Act mandates government receipt/acceptance as prerequisite for DoD paying vendors for goods and/or services
- Wide Area Work Flow (WAWF) identified as authoritative source for invoice, acceptance and/or documentation required to make payment
- Adoption of “Buy Response Vice Inventory” principle and reductions in DCMA source acceptors resulted in higher volume of Direct Vendor Delivery (DVD) and Prime Vendor shipments
- The Prompt Pay Act requirement applies to DVD and Prime Vendor shipments
  - Direct vendor shipments require destination acceptance.
  - By policy, materiel receipt acknowledgement does not equal acceptance
- Currently, payment on DVD and Prime Vendor contracts is made on evidence of receipt not acceptance; therefore requirements of 5 CFR Part 1315 not met
  - Internal controls need to be strengthened to ensure contract requirements are met before payment or need a pay and chase policy
- Two Potential Solutions
  - Destination acceptance – Deploy WAWF to destination sites (including Warfighter level)
  - Change policy to allow acceptance to be construed from a materiel receipt acknowledgement transaction for DVD shipments and allow deviation for Prime Vendor contracts



# Impact on the Warfighter of Destination Acceptance for DVD

Without some measure of change the potential impact is as follows:

- **Burden on warfighter to do acceptance in WAWF:**
  - Training and personnel certification requirements
  - Large number of destinations (~11,000)
  - Account management
  - Lack of knowledge and visibility into contract acceptance requirements
  - Duplicate effort for swivel chair to input acceptance into WAWF (after inputting receipt transaction in supply system)
  - Potential system changes to update legacy systems to capture acceptance data
- **Different processes for Depot shipments and Direct Vendor Deliveries (DVD) shipments:**
  - Customers would need to know the difference between a DVD shipment and a Depot shipment
  - DVD shipments are not customer's choice (e.g., DVD's can be utilized for backorders, and/or efforts to reduce acquisition, infrastructure costs and cycle time)
- **Services reluctant to invest in legacy logistics systems because their focus is on ERPs**
  - Warfighter systems changes to meet DFAR requirements will likely be low priority
  - Significant cost to Implement program changes in legacy systems

# DFAR Change: Translate Receipt to Default Acceptance

- Change policy to allow a acceptance from a materiel receipt acknowledgement (MRA) transaction and a deviation for Prime Vendor contracts
    - The customer is already required to submit an MRA for most DVD shipments
    - Prime Vendor arrangements are mostly “closed loop”
  - OSD-DPAP proposed DFAR changes
    - Allow DVD receipts with no discrepancies (527R DLMS or DRA MILS) to generate a default acceptance
    - Provide deviation clause for Prime Vendor contracts
- In case of discrepancy or deficiency, include a notification period to the Government has adequate time to give notice to the

Propose  
d  
Solutio  
n

# Proposed Process Solution for Direct Vendor Delivery

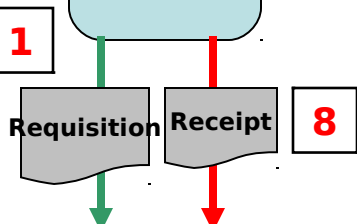
Component

DLA

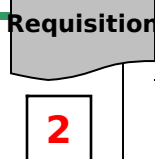
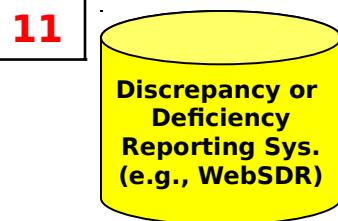
Vendor

Enterprise

Customer



Component Supply System



9 Receipt Ack.

Receipt transaction translated to External Acceptance at DAAS/GEX

No change to as-is

No

3 Direct Vendor Ship?

Yes

Vendor

4 Contract to Procure Goods to Customer

7 Evidence of Goods Tendered and Services Rendered

7 Evidence of Goods Tendered and Services Rendered

10 External Accept. Evidence

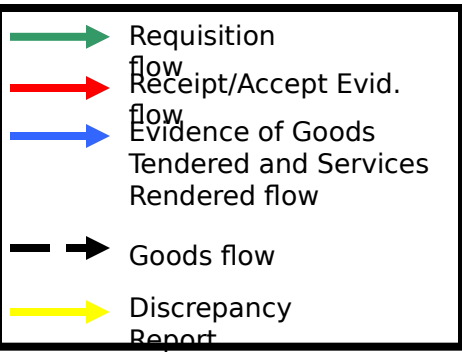
Please note that all transactions will be translated through GEX or DAAS

6 Evidence of Goods Tendered and Services Rendered

WAWF



5 Goods sent to Customer



**Customer:**

- Reduces need for WAWF deployment for Warfighter
- Consistent process for Depot and DVD shipments for Warfighter
  - No need for customer to differentiate between Depot and DVD shipments.
  - Same discrepancy or deficiency reporting process using existing tools or DoD's WebSDR Tool.

**Enterprise:**

- End-to-end solution.....aligns logistics and procurement processes
- Allows logistics community to take advantage of non-traditional sourcing strategies without exposing the warfighter to back-office processes

**System:**

- WAWF deployment would be handled per External Acceptance protocol by updating the Standard Transaction table and a Map Change.
  - Solution could be implemented outside of a WAWF Release.
  - Required Map change could be implemented within 90 days of requirement approval.
  - Faster implementation of WAWF
  - Would support the continued transition to the target ERP environment.

**Vendor:**

- Provide notice of receipt/acceptance to vendors, which does not exist in the current environment for DVD.
- Vendor would receive payment faster

**Financial:**

- Automate payment feed to DFAS resulting in reduced rate paid to DFAS

- New policy requires changes to DLA Enterprise Business System (EBS)
- Not all legacy supply/receiving systems send MRA transactions
- Need user traceability to comply with statute (ability to identify acceptor by name and organization)

- BTA will work with DLA on resolving issues for medical, subsistence, tires, and MRO
- DPAP will establish a policy for acceptance on DVD shipments and deviations for Prime Vendors contracts
- BTA will assess the ability of the MIL Services to send MRA transactions from DVD destination systems and make recommendations to implement proposed “pay and chase” policy
- BTA will assess the status of user traceability and make recommendations on how to achieve compliance
- Components implement policy
  - System changes to WAWF and affected component systems
  - Procedural changes to ensure acceptance
  - Contract modifications to revise acceptance procedures on DVD contracts



# Support Requested from L&MR

- L&MR support for the DFAR changes
- L&MR involvement in resolving issues with Prime Vendor contracts (if required)
- Assistance in determining the MIL Services capability to send MRA transactions and in developing recommendations to achieve compliance
  - And reinforcing the need to submit timely receipt acknowledgements where the capability does exist
- Reinforcing the need to utilize deficiency/discrepancy reporting system as soon as possible after identifying problems with materiel received from vendors



# Questions